

# **BROADCASTING IN THE NEW MEDIA ENVIRONMENT**

A presentation to the CRTC  
by Tom Perlmutter, Government Film Commissioner  
and Chairperson of the National Film Board of Canada

February 25, 2009

## **Introduction**

Good morning.

I am pleased to appear before you on behalf of the National Film Board of Canada. My name is Tom Perlmutter and I am the Government Film Commissioner and Chairperson of the National Film Board of Canada. Today, I am accompanied by Claude Joli-Coeur, Assistant Film Commissioner and Director of Strategic Planning and Government Relations, and Deborah Drisdell, Director of Digital Programming and Enterprises.

I am going to set a context that the Chairman and others may have heard last Friday during a speech I gave at the CFTPA. Don't worry. It is not a repeat performance: I'll be brief, but the context is important for the specific points the NFB wishes to make today.

The issues you are exploring are among the most critical for our times. The digital revolution, by which I refer to the entire network of ways in which we interconnect through digital media, including the Web and mobile platforms, will have enormous long-term consequences for Canada in all areas — political, social, economical and cultural. The depth of its impact will mirror that of the industrial revolution of the late 18<sup>th</sup> and 19<sup>th</sup> centuries.

Worldwide, over 1 billion users are now connected to the Internet — nearly 20% of the planet. And every day the numbers grow. Emerging and future generations will have no notion of what it is like not to have instantaneous connection — to information, to shops, to programming and, most of all, to their social networks.

Consider this: Barack Obama is President of the United States because of the Internet generation. He raised a phenomenal \$750 million for his presidential campaign, created an enormously powerful online community and changed politics forever. Today, President Obama is the first president to keep his Blackberry, and his weekly fireside chats privilege YouTube over radio and television.

These hearings are trying to separate out one part of a very complex, intertwined communications ecology that is in constant evolution — the part concerning the production of professionally produced programming and making it available.

The danger is that we may be tempted to define new rules of the game within the frames of reference of traditional broadcasting at the very time when the notion of traditional media is being challenged.

No public policy should restrict the range of possibility; on the contrary, it should focus on fostering the development of the fullest possible range of Canadian innovation and content within the fast-changing digital environment.

## **Who Controls the Virtual Realm?**

The CRTC's own research has shown that the top Web sites in Canada are American-owned. They include such names as Microsoft, Google, Time Warner, News Corp and Disney. Borderless virtual realms does not mean realms without context. If MySpace and YouTube allow anyone to upload to or to partake of the audiovisual realm, it is within a particular kind of context driven by certain sets of values and conditions. And, of course, commercial interests are quick to figure out ways to

appropriate the sites that emerge and become hits. Flickr, the popular photo-sharing site, was established in 2004 in British Columbia. A year later, Yahoo snapped it up and all content was migrated to servers in the U.S. Club Penguin, a social-networking site for children, also a B.C.-based start-up, proved so successful that, within two years of its founding in 2005, Disney picked it up.

Whoever controls the context at the end of the day controls the message and the profits.

According to the Interactive Bureau of Canada, the Canadian online ad market was worth well over \$1.2 billion in 2007, a 38% increase over the previous year. Online advertising is dominated by search engines. Currently, Google controls almost 82% of the search market. It has been noted that this ad market is quite different from the one that funds traditional media.

However, the argument here is that American companies are profiting from access to the Canadian market, including the new media broadcast market. For example, in an effort to increase the traffic and visibility of the NFB's online offering, we contracted with Google to purchase ad words that would optimize the search engine results for our destination. Given Google's dominance of the search market, there are few options in online advertising.

As well, the NFB makes use of Google's YouTube as part of its strategy to reach Canadian audiences. And we generate a substantial number of views. Animation shorts like *Danish Poet*, *Hungu* and *Ryan* have been viewed close to or more than 500,000 times over a period of several months. However, YouTube will never provide the breadth of Canadian programming that a viewer has by connecting to NFB.ca.

YouTube also offers channels for professional broadcasters, like the BBC, Fox, Warner and CBS. These developments, which favour the distribution of popular foreign content, may well put pressure on the availability and visibility of Canadian productions online. The same is

true of services not currently available in Canada, but that may yet find their way here. On its site, the much touted Hulu notes:

*“For now, Hulu is a U.S. service only, but the Hulu team is committed to making great programming available across the globe.”*

## **To Intervene or Not?**

The Commission has asked for comments on the continued appropriateness of the New Media and Mobile Television Exemption Orders issued in 1999 and 2007, respectively, or to what extent, if any, such orders need to be revised.

Through these proceedings, some have argued that the Exemption Orders should be lifted and that the CRTC should consider regulating the New Media Broadcasting environment.

It is not clear that we know enough to put in place regulatory measures that parallel the ones for traditional broadcast. It doesn't seem feasible. Traditional broadcast was a world of scarce resources — the public airwaves. It was essential that regulatory measures be put in place to ensure that these resources served the interests of the Canadian public.

Scarcity is not the issue in digital media. The issue is ensuring the availability of strong Canadian content, using Canadian talent and meeting Canadian needs. It seems to us that the situation we face with regard to the digital environment is more analogous to the situation faced by the Massey Commission in the early fifties: a dominance of foreign work, a lack of adequate support for Canadian talent (in digital space), and difficulty for Canadian talent and creations to break through. The solution then was to create an institution to nurture innovation, talent and content creation. The Canada Council has been one of the most potent instruments we have had to support Canadian artistic creation. And massive investment in the arts has given us world-class luminaries in art, dance, experimental film and literature.

## **The Need for Canadian Content**

As the various new media begin to increasingly define our public, cultural and economic life, we need to fully occupy those virtual spaces in all our own diversity and richness and complexity. We cannot afford to wait until the dust settles, until the business models are fully developed, until we see who controls what. We need to move forward quickly, with strong support for Canadian digital content.

Support should focus on the following areas:

1. Broadcast-based content
2. Original digital content
3. Digitization of heritage collections
4. Promotion of digital media
5. Training
6. Research and development:
  - a. Innovative platforms
  - b. Storage and accessibility of archived digital content

In all these areas, we have to be particularly cognizant of the need to sustain a strong Francophone presence in the digital world, as well as the importance of ensuring vibrant online content from First Nations and diverse creators.

### **1. Broadcast-based content**

Producers and broadcasters need support and encouragement to develop content based on and extending existing broadcast properties. We need to see webisodes, mobisodes, interactive content, games that involve and create affinities among audiences and their favourite programs. Areas that need specific support include children's programming, documentaries and drama.

## **2. Original digital content**

We also need to support content that is not tied to existing broadcast properties and may never have a broadcast component. This is perhaps the riskiest and most difficult content to develop and, in some ways, the most important. It is here that the language, aesthetics and dynamics of new media programming will be developed. We are only at the very beginning of the emergence of new art forms and new modes of popular entertainment.

## **3. Digitization of heritage collections**

We need to support the digitization of heritage collections, whether from the public or the private sector, and make them accessible. In and of itself, this is a massive problem.

The NFB is the caretaker of a remarkable Canadian audiovisual heritage: 13,000 titles, 500,000 still images and an extensive library. Until now, these have been a resource for historians and film buffs. We have looked after the collection well — in fact, in some areas, we are world leaders in conservation techniques. But, for the most part, this heritage has been a buried treasure, lost from view, inert — not building anything, not creating opportunities, not opening doors.

When we launched our online Screening Room last month, we released some of that latent energy by putting this heritage in the hands of Canadians. Imagine what can happen when you release such treasure hoards into the world to encourage new thoughts, provoke new reflections, inspire new work and create new economic opportunities.

Well, I can give you an idea. Let me read you some of the blogosphere and media reactions to our launch:

- “Upon reading this, my first thought is that Christmas has come early for all Canadians this year as we can watch at our leisure some of the greatest films, documentaries and animated films ever produced. Three cheers for the NFB, our true Canadian treasure, and thanks for the memories, now just a click away.” **Posted by Maynardstevens on <cbc.ca>**
- Awesome! These are moments that make me feel proud of my country. This is such a huge step forward. Plus, I can watch the Log Driver's Waltz all the time now. I can't get it out of my head though.” **Posted by AlexOfAnders**
- “The Sweater! It is an animated short that proves beyond a doubt that Canada has a culture. I'm sure it makes little sense to anyone else, but this gem strikes a deep cord in the hearts of Canadians from coast to coast. A masterpiece! Thank you NFB.” **Posted by normL2 on <cbc.ca>**
- “I've just gone onto the site and viewed half a dozen trailers and two feature films. Well done NFB. Money well spent... going to great cultural and artistic projects such as the one described here.” **Posted by TheGrumpyScot on <cbc.ca>**
- “As Canadian content becomes easier to get, I think Canadians will be blown away by the quality and depth of what is here. Good work NFB.” **Posted by Ontariorump on <cbc.ca>**
- “Today the National Film Board of Canada launched a new online streaming video service worthy of an ovation.” **CTV News**

What about all the other work created across the country, funded to one degree or other by public money, that is still gathering dust on shelves?

To give you an idea of the magnitude of the problem, we believe that digitizing our entire collection would cost something in the area of \$30 - 40 million. Well beyond our means. Yet, Britain has granted the BFI £50

million for just such an endeavour. Last year, Holland pledged 175 million Euros over seven years to digitize major national collections. France has given the INA millions of Euros to support their digitization efforts.

#### **4. Promotion of digital media**

We need to put a great deal more research and thought into the development of marketing strategies and strong digital brands that will break through and capture the imagination of our audiences.

#### **5. Training**

We desperately need training. Production models, budgeting, work flows are very different in the non-linear world of digital programming.

#### **6. Research and development**

a) We need to support innovation. YouTube, MySpace, Facebook, Flickr are all relative newcomers — platforms developed within the past five years. The possibilities for new platforms, new approaches, and new ideas remain wide open. Canadians have proven they can compete with the best in this arena. We need to provide the support that will make Canada a world centre for digital innovation. That will then help drive the creation of Canadian content.

b) The continuity of digital creations is a pressing and critical issue. How do we ensure that works created for new media platforms will be part of our children's and grandchildren's cultural heritage in the same way that other art forms are? Can we imagine a Canada without the Group of Seven or *Anne of Green Gables* or *Mon Oncle Antoine*? How do we manage the endeavours of our new generation of creators? How will we store their work and render it accessible as technologies evolve and change? To resolve these issues, we need to invest in

research and development. The solutions we come up with can become exportable intellectual property.

## **The Role of the Public Sector**

I think we have to look at a special role for the public sector in the changing media environment, and reaffirm its role in an online environment. We have the express duty to provide the range and depth of specialized programming that may not be provided by commercial interests, like non-commercial children's programming, serious documentary programming and regional programming. The online world has a unique ability in that it can be tailored to reflect regional realities within a specific region and to Canadians across the country. We have to recognize that, to achieve this mission, public institutions will need funding.

## **The Role of the NFB**

In some ways, with last month's launch of our online Screening Room, we've become a broadcaster. We currently have over 700 titles available for streaming, free on our site. And we will keep adding titles. In the near future, we will make downloading available, as well as availability for mobile platforms. We will increase interactivity and the ability to create online communities.

What's unique to the NFB site is that it is not simply an archive. With the click of a button, we connect to the pulse of Canadian life and creativity across the years. This is the virtual equivalent of our famed travelling projectionists. It is the virtual church basement or school auditorium where Canadians of all generations can share their experiences, exchange points of view, and together build the Canada that we all know as one of the most remarkable countries in the world.

We are a creative laboratory, where we can test the future today. Without the burden of a traditional broadcasting infrastructure, we can

push further and deeper into areas that are too risky, even for public broadcasters. We can and will increasingly be focusing on delivering unique content on digital platforms. In fact, we've been taking the lead in this area for some time.

With our partners, Bravo!Fact and MarbleMedia, we were the first in Canada to create original productions for mobile phones.

We were the first in North America to produce an interactive feature film, which we did in conjunction with our partners at the Canadian Film Centre Media lab.

We were the first to create an e-cinema network in Canada, launching a pilot project in 5 Francophone communities in Acadia, providing a rich collection of otherwise unavailable documentaries, animation and features in French.

And we are leading the way in using the Web as a creative documentary medium in and of itself. Our Filmmaker-In-Residence project re-defined engaged documentary making for the digital world, swept major new media awards nationally and internationally, and flooded us with invitations to present this project at many international venues.

Our content is 100% Canadian — it reflects this country's diversity. It gives a powerful voice to Aboriginal creators and those from our diverse ethnic communities. It is available in French and in English, and crosses all our geographic boundaries.

And our brand is recognized internationally. We are part of the solution, but we too are under tremendous financial pressure.

## **Who should pay?**

The NFB strongly supports the creation of a new dedicated media fund. The fund should be seen as an innovation fund that will lead to the creation of world-leading new media content, as described above. For

this reason, we do not believe that such a fund should be managed by traditional broadcast interests, nor tied to a traditional broadcast component. However, broadcasters should have a level playing field access to such a fund.

We are not sure what the best means of establishing such a fund might be. It may be a mix of levies, tax incentives and direct government investment that is required. This warrants further study, but a decision should be made quickly.

## **A National Strategy**

Finally, and perhaps most crucial, however important the work being done here — and I believe it is very important — it is only part of the job, and cannot be done in isolation, nor in the absence of an overriding national policy. Other institutions are also grappling with these issues: CBC/SRC is very active and struggling with the issues of digitization and conservation, Telefilm has articulated an approach to a digital future and the National Library and Archives is also making advances. We at the NFB are very focussed on these issues. What we need to do is to bring all the parts together. This country needs a national digital strategy, one that will ensure that we are building for the future of this industry and this country.

Many other jurisdictions understand that there needs to be a comprehensive approach that does not isolate the broadcast sector from larger cultural, economic and social considerations; that they all interlaced.

We need to ensure that the infrastructure meets the needs of today and tomorrow — which means advanced digital networks, broadband and wireless. We need to cross digital divides between the digital haves and have-nots. We need to ensure broad-based digital literacy. We need rich Canadian content that is both multi-platform and cross-platform, and unique creations for specific platforms. We desperately need training for

new modes of production. We need to evolve our business and financing models. We need to figure out how to create international digital co-production partnerships. We need to work at building strong digital brands that will capture the imagination of our audiences.

Most of all, we need a vision.

I strongly urge the forming of a national digital panel, one that will bring together leading players from all sectors to begin to think through the long-term issues related to the development of a strong digital Canada.

Thank you.